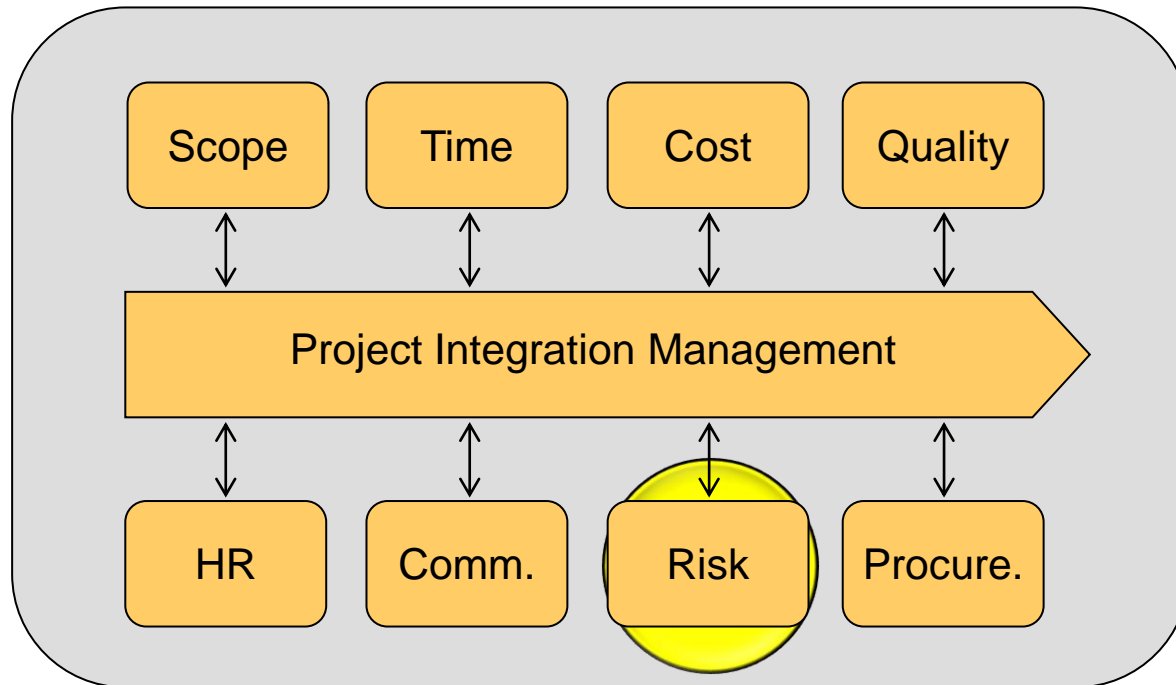


Project Risk Analysis



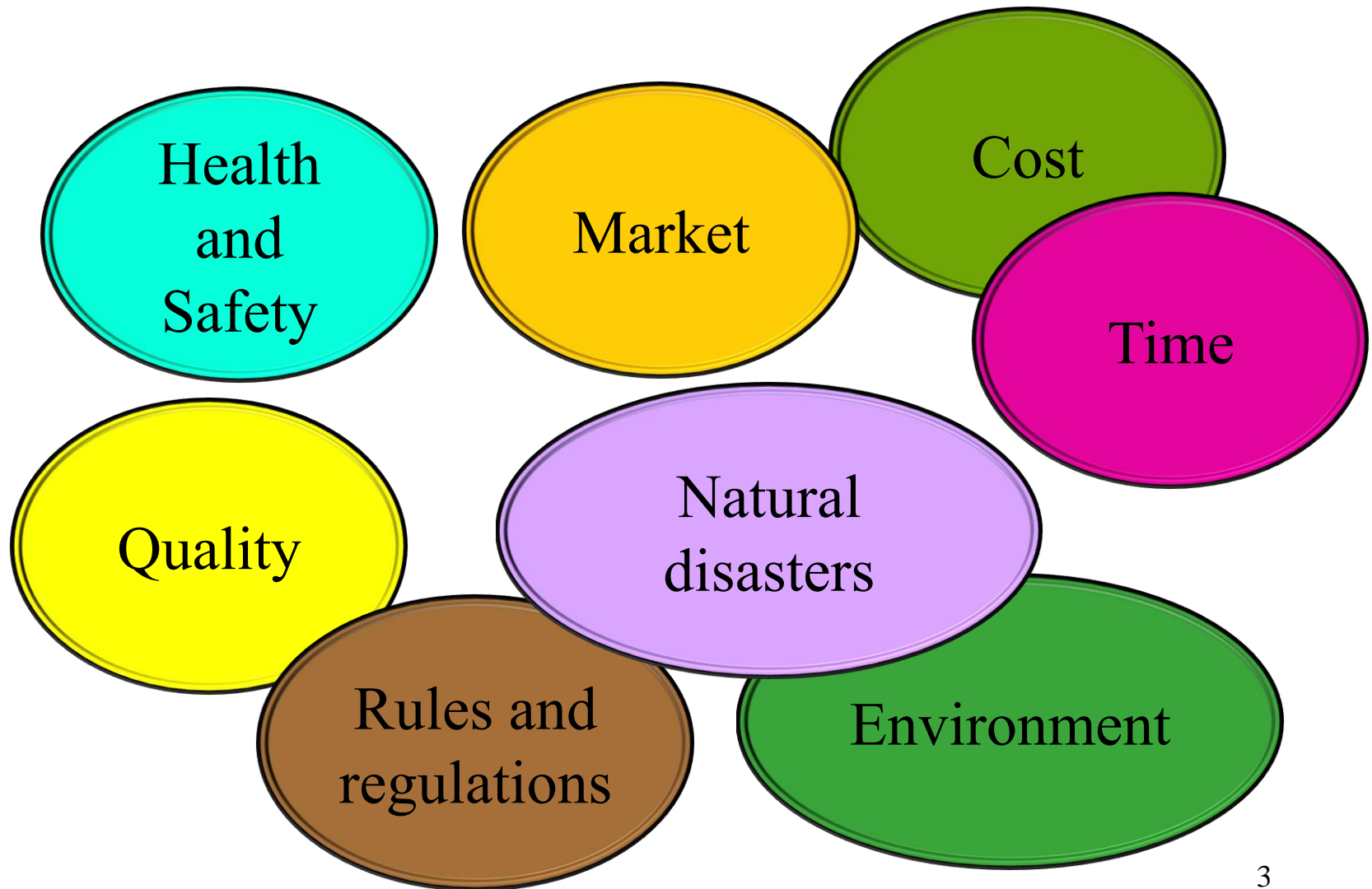
Any uncertainties related to your project?



Internal
factors

External
factors

Potential Areas of Uncertainties



From Uncertainties to Risks...





Uncertainties – Events – Risks

Uncertainties are abstract

- Something about the work environment...
- The cost index may change...
- Production problems might occur...

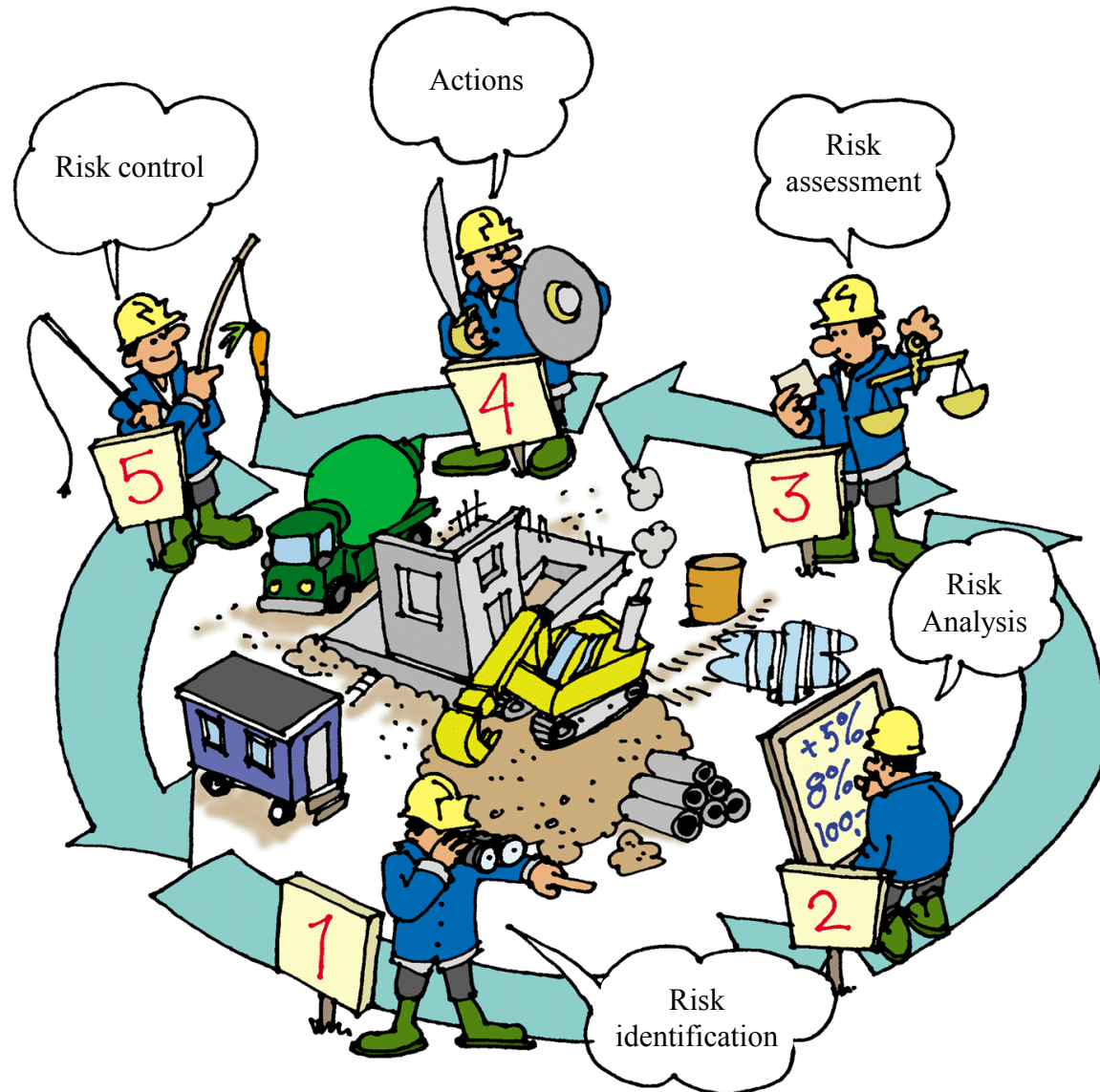
Events are binary

- Fire – the house is burned down
- Rain – the gypsum boards are damaged
- Work accident – the carpenter is dead

Risk - analysed (quantified and assessed) uncertainties

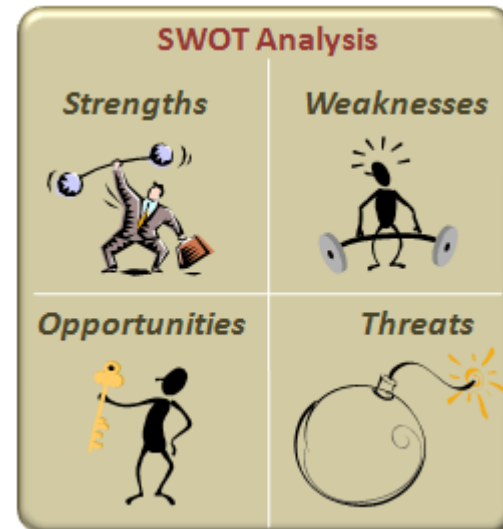
- $\text{Probability} * \text{Consequence} = \text{Risk Level}$

The Process of Risk Analysis



Risk identification

- Brainstorming
- Check lists
- Reference Projects
- SWOT
- ...



Risk Analysis – The Probability

**How likely is it that the risk will occur?
Assess the probability from 1 to 5**

Very high

5

4

3

2

Very low

1





Risk Assessment – Consequences

**If the Risk occurs – What are the consequences?
Assess the Consequences from 1 to 5**

Very high	5
	4
	3
	2
Very low	1

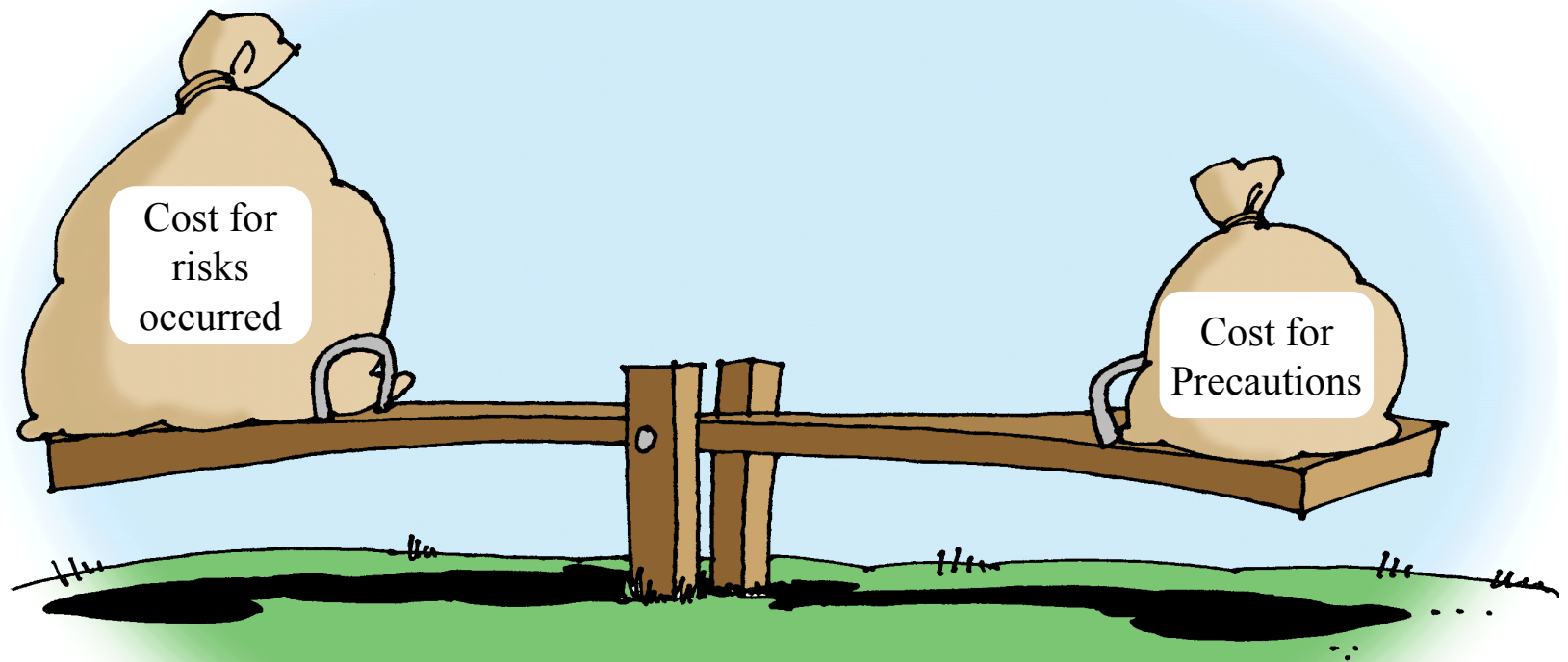
Risk Assessment – The Risk Value

RISK	Proba- bility	Conse- quence	Risk- value
PM finds a new job	2	4	8
Computer breakdown	4	2	8
Labour Strike	1	5	5
Delayed Deliveries	3	5	15
Internal conflicts	3	4	12

Actions

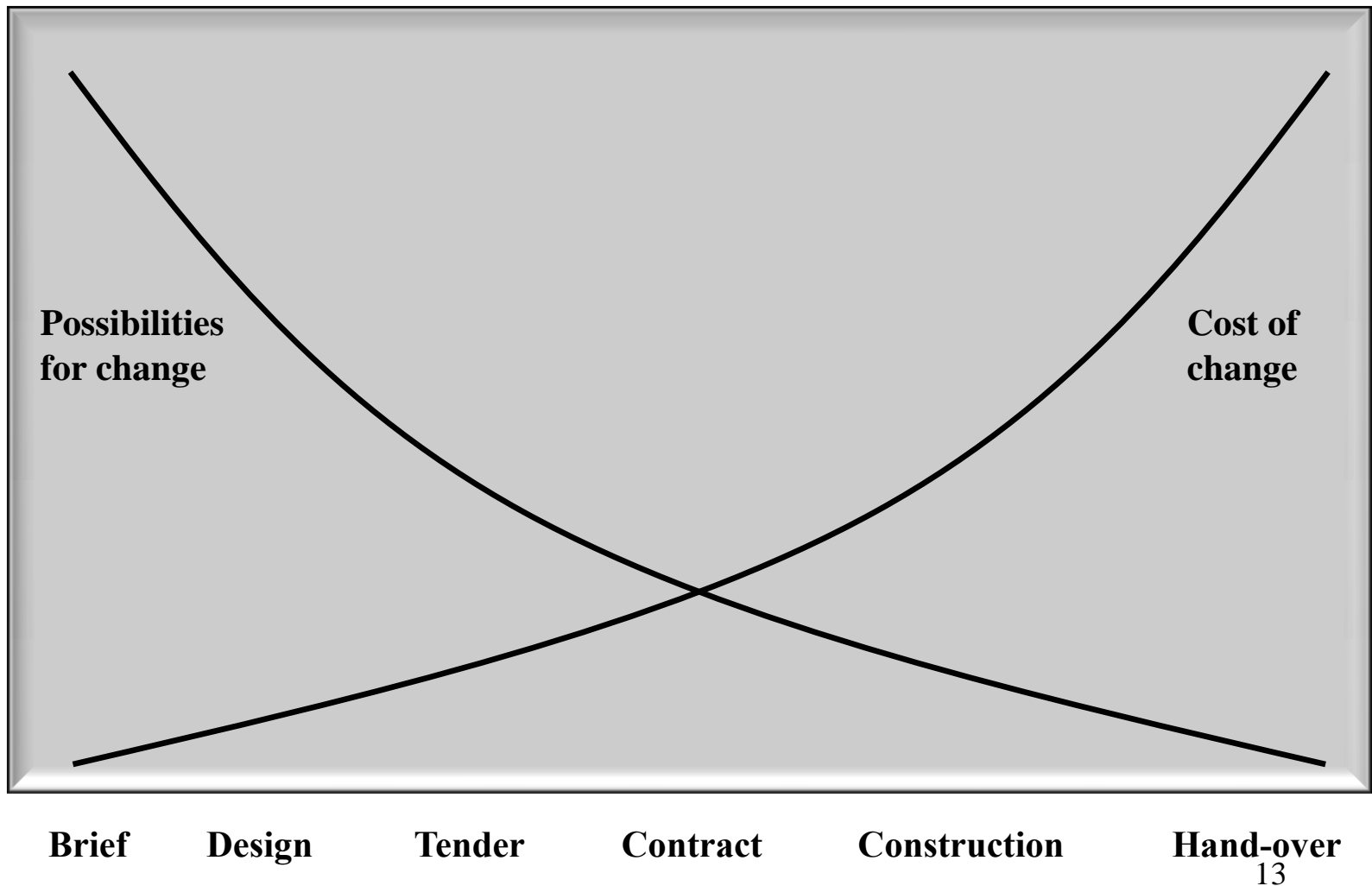
- Accept the risk
- Reduce the risk (by probability)
- Reduce the risk (by consequence)
- Eliminate the risk
- Transfer the risk

Actions



... is not about adding to the total cost of the project but to identify and to transfer non-value adding costs into more predicable cost estimates

Risk Analysis – A continuous process





Risk Analysis is not about avoiding risks ...

but to identify and to manage the project risks

in order to increase predictability

and to improve the revenue